

**FOR IMMEDIATE RELEASE** – November 22, 2011

Contact: LuAnn Canipe tel: (202) 225-3032 or 6089 / email: luann.canipe@mail.house.gov

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**U.S. Rep. Brad Miller and Other House Members Chide Fannie, Freddie for Wasting Taxpayer Money**

Washington, D.C. – **U.S. Rep. Brad Miller (D-NC)**, along with twenty Members of Congress, sent a letter today to Edward DeMarco, Acting Director of the Federal Housing Financing Agency (FHFA), calling for Fannie and Freddie to reconsider their policy of denying any mortgage modifications that reduce principal balance which could greatly reduce costs to the taxpayer.

"The performance of the enterprises' mortgage modifications leaves much to be desired for homeowners, for the housing market, and for taxpayers." **Rep. Miller** said. "Forty-four percent of loans modified two years ago are now more than three months past due."

FHFA has failed to require servicers to reduce principal or even to participate in HAMP's Principal Reduction Alternative (PRA) Program.

In the letter, Members of Congress write that principal reductions could reduce the risk of almost twenty percent of Fannie and Freddie's portfolios and they question whether the current policy is reflective of the GSE executive compensation packages.

They write "we strongly urge that you reconsider your refusal to allow principal reductions to achieve better performing modifications and avoid the extreme losses of unnecessary foreclosures, and that FHFA consider only the eventual costs to taxpayers of the conservatorship, not the illusory accounting treatment that now appears to guide FHFA's modifications."

A draft copy of the letter is [attached](#) .

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